

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements

THE REPORTING ENTITY

The Town of Harpswell, incorporated on January 25, 1758, currently operates under a Town Meeting-Selectmen form of government with a Town Administrator as the chief administrator of the Town. The Board consists of three members elected by the registered voters for three year terms.

In evaluating the Town as a reporting entity, management has addressed all potential component units for which the Town may or may not be financially accountable and, as such, be includable within the Town's basic financial statements. In accordance with GASBS No. 14, as amended by GASBS No. 39, the Town (the primary government) is financially accountable if it appoints a voting majority of the organizations governing board and (1) it is able to impose its will on the organization or (2) there is a potential for the organization to provide specific financial benefit to or impose specific financial burden on the Town. Additionally, the primary government is required to consider other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete. Based on the application of these criteria, there are no other entities within the Town that should be included as part of these basic financial statements.

The Governmental Accounting Standards Board (GASB) is responsible for establishing generally accepted accounting principles (GAAP) for state and local governments through its pronouncements (Statements and Interpretations). Governments are also required to follow the pronouncements of the Financial Accounting Standards Board (FASB) issued through November 30, 1989 (when applicable) that do not conflict with or contradict GASB pronouncements. The government has elected not to follow subsequent private-sector guidance. The more significant accounting policies established in GAAP and used by the Town are discussed below.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the Town. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. The Town has elected not to allocate indirect costs among the programs, functions and segments. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual proprietary funds (if any) are reported as separate columns in the fund financial statements.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

B. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as certain compensated absences and claims and judgments, are recorded only when payment is due.

Those revenues susceptible to accrual are property taxes, interest, and charges for services. Other receipts and taxes become measurable and available when cash is received by the Town and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

The Town reports the following major governmental fund:

The general fund is the Town's primary operating fund and is always classified as a major fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Additionally, the Town reports several nonmajor funds in the following fund categories:

Special revenue funds are used to account for the proceeds of specific sources (other than major capital projects or expendable trusts) that are legally restricted to expenditures for specified purposes.

Capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary or trust funds).

C. Budgetary Accounting

Each year a budget is adopted for the General Fund only, and is adopted on a basis consistent with accounting principles generally accepted in the United States of America (GAAP). The level of control (level at which expenditures may not exceed budget) is the Town meeting warrant article level. Generally, all unexpended budgetary accounts lapse at the close of the fiscal year. However, portions of the General Fund fund equity can be designated for future periods by the Selectmen. A comparison of budget to actual is presented in the financial statements on Statement 6. The difference between original budget and final budget amounts represent approved carryovers from prior years.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

D. Cash and Cash Equivalents

The Town's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Town policy is that deposits can only be made in financial institutions insured by the F.D.I.C. or collateralized by the depository institution in the Town's name. The Town invests its funds in an effort to ensure preservation of capital, remain sufficiently liquid and attain a reasonable market rate of return, while remaining within the guidelines approved by the Board of Selectmen.

E. Inventories of Supplies

Inventories of supplies are considered to be expenditures at the time of purchase rather than when consumed, and are not included in the general fund balance sheet.

F. Short-term Interfund Receivables/Payables

During the course of normal operations, transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "interfund receivables or payables" on the balance sheet.

During the course of normal operations, the Town has transactions between funds including expenditures and transfers of resources to provide resources, construct assets and service debt. These transactions, if any, are reported as operating transfers.

G. Capital Assets

Capital assets, which include property, plant, equipment, are reported in the applicable governmental activities columns in the government-wide financial statements. Capital assets are defined by the Town as assets with an initial, individual cost of more than \$2,500 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation. The costs of normal repairs and maintenance that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. If material, interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Straight-line depreciation is used based on the following estimated useful lives:

Buildings and building improvements – 25 and 50 years
Infrastructure – 50 years
Equipment, vehicles and furniture – 5 to 30 years

The Town was not required to retroactively report infrastructure assets (e.g., roads, bridges, sidewalks, and similar items). Neither their historical cost nor the related depreciation has historically been reported in the financial statements. The Town began reporting newly acquired infrastructure assets upon implementation of GASBS No. 34, as of and for the year ended December 31, 2004.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

H. Long-term Obligations

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities. Bond premiums and discounts, as well as issuance costs if material to basic financial statements, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

I. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

J. Comparative Data

Comparative total data for the prior period have been presented in the accompanying financial statements in order to provide an understanding of changes in the Town's financial position and operations. However, comparative data have not been presented in all statements because their inclusion would make certain statements unduly complex and difficult to understand. Also, certain amounts presented in the prior year data have been reclassified in order to be consistent with the current year's presentation.

K. Compensated Absences

Under terms of personnel policies of the Town, vacation leave is granted in varying amounts according to length of service. No sick leave is granted at the time of employee termination. Unused vacation leave is reported in the government-wide financial statements. No expenditure is reported for this amount on the fund financial statements unless due and payable.

L. Use of Estimates

Preparation of the Town's financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent items at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

CASH AND CASH EQUIVALENTS

Deposits

Custodial Credit Risk-Town Deposits: Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. The Town does not have a formal policy with respect to custodial credit risk. As of December 31, 2006, the Town reported deposits of \$3,483,569 with a bank balance of \$3,560,935. None of the Town's bank balances were exposed to custodial credit risk, as \$3.5 million was collateralized by an irrevocable stand-by letter of credit, and the remainder was covered by additional insurance purchased on behalf of the Town by the respective banking institutions.

PROPERTY TAX

The Town's property taxes for the current year were committed on August 10, 2006, on the assessed value listed as of April 1 for all real and personal property located in the Town. Taxes were due on September 15, 2006 and December 15, 2006; interest was charged at 6.5% on all unpaid taxes after that date. Assessed values are periodically established by the Assessor at 100% of assumed market value. As a result of the 2005 Town-wide revaluation, the Town has a certified ratio of 100%.

The following summarizes the 2006 and 2005 levy:

	<u>2006</u>	<u>2005</u>
Assessed value:		
Real property	\$1,644,881,100	1,641,891,101
Personal property	<u>3,421,130</u>	<u>3,567,935</u>
Total valuation	1,648,302,230	1,645,459,036
Tax rate (per \$1,000)	<u>5.95</u>	<u>5.75</u>
Tax Commitment	9,807,410	9,461,402
Less: Collections and abatements	<u>(9,253,743)</u>	<u>(9,001,010)</u>
Taxes receivable at December 31	<u>\$ 553,667</u>	<u>460,392</u>

The Town is permitted by the laws of the State of Maine to levy taxes up to 105% of its net budgeted expenditures for the related fiscal period. The amount raised in excess of 100% is referred to as overlay, and amounted to \$164,673 for the year ended December 31, 2006. Property taxes levied during the year are recorded as receivables at the time the levy is made. The receivables collected during the year and in the first sixty days following the end of the fiscal year are recorded as revenues. The remaining receivables are recorded as deferred revenues. The difference between actual property tax revenues and budgeted property tax revenues of \$12,346, (Exhibit A-2) represents supplemental taxes for all years.

Tax liens are placed on real property within twelve months following the tax commitment date if taxes are delinquent. The Town has the authority to foreclose on property eighteen months after the filing of the lien if tax liens and associated costs remain unpaid.

Property acquired by foreclosure for nonpayment of taxes is recorded at the amount of expired tax liens plus the costs involved in foreclosure. Liens and any current taxes on the same period are not included as part of the tax acquired property account until expiration of statutory time limits.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

INTERFUND RECEIVABLES AND PAYABLES

Individual interfund receivables and payables balances at December 31, 2006, were as follows:

<u>Fund</u>	<u>Interfund receivables</u>	<u>Interfund payables</u>
General Fund	\$ -	216,186
Special Revenue Funds:		
Restricted projects	25,810	-
Recreation	34,751	-
Capital Projects Fund:		
Road projects	155,625	-
Totals	\$ 216,186	216,186

CAPITAL ASSETS

Capital asset activity for the year ended December 31, 2006 was as follows:

	<u>Balance December 31, 2005</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance December 31, 2006</u>
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,980,461	-	-	1,980,461
Construction in progress	560,658	413,372	711,669	262,361
Total capital assets not being depreciated	2,541,119	413,372	711,669	2,242,822
Capital assets, being depreciated:				
Buildings and improvements	4,023,632	-	-	4,023,632
Equipment, vehicles and furniture	618,249	9,146	32,733	594,662
Infrastructure	-	711,669	-	711,669
Total capital assets being depreciated	4,641,881	720,815	32,733	5,329,963
Less accumulated depreciation for:				
Buildings and improvements	993,176	134,172	-	1,127,348
Equipment, vehicles and furniture	305,462	36,037	27,913	313,586
Infrastructure	-	7,117	-	7,117
Total accumulated depreciation	1,298,638	177,326	27,913	1,448,051
Total capital assets being depreciated, net	3,343,243	543,489	4,820	3,881,912
Governmental activities capital assets, net	\$ 5,884,362	956,861	716,489	6,124,734

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 81,418
Public works	77,218
Protection and safety	3,315
Cultural and recreation	15,375

Total depreciation expense – governmental activities **\$ 177,326**

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

SHORT-TERM DEBT

Tax Anticipation Note

Under the authority of Title 30-A, Section 5771 of the Maine Revised Statutes, as amended, a resolution was adopted by the Board of Selectmen at the May 1, 2006 meeting to authorize the Treasurer to borrow up to \$3,399,500 on an "as needed basis" to be due on or before December 31, 2006. A total of \$3,300,000 was drawn, between April and September 2006, and the outstanding principal and interest was paid on or before November 17, 2006. The total interest paid on this note was \$46,185. Since there is no beginning or ending balance at December 31, 2005 and 2006, respectively, it has not been included on the debt note below.

LONG-TERM LIABILITIES

Long-term liability activity for the year ended December 31, 2006, was as follows:

	<u>Beginning balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending balance</u>	<u>Due within one year</u>
Governmental activities:					
Bonds payable	\$ 2,326,667	350,000	365,833	2,310,834	490,833
Compensated absences payable	14,724	28,308	31,265	11,767	-
Governmental activity long-term liabilities	\$ 2,341,391	378,308	397,098	2,322,601	490,833

Bonds Payable

Bonds payable at December 31, 2006 are comprised of the following:

	<u>Issue date</u>	<u>Maturity date</u>	<u>Amount issued</u>	<u>Interest rate</u>	<u>Balance December 31, 2006</u>
Governmental activities:					
1993 Capital improvement bond	05/27/93	11/01/08	600,000	5.30-5.75%	\$ 80,000
1997 Revaluation bond	05/29/97	11/01/17	175,000	5.14-5.24%	17,500
2000 General obligation bond	05/25/00	11/01/10	1,209,800	5.281-5.406%	510,000
2003 General obligation bond	05/22/03	11/01/10	840,000	2.291-3.166%	590,000
2004 General obligation bond	10/28/04	11/01/16	700,000	1.00-9.00%	583,334
2004 General obligation bond	11/22/04	11/29/09	300,000	5.70%	180,000
2006 Capital improvements bond	10/26/06	11/01/11	350,000	2.05-5.45%	350,000
Total bonds payable					\$ 2,310,834

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

LONG-TERM LIABILITIES, CONTINUED

The annual requirements to amortize all debt outstanding as of December 31, 2006 are as follows:

<u>December 31,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2007	\$ 490,833	97,855	588,688
2008	483,334	76,720	560,054
2009	488,333	55,590	543,923
2010	428,334	34,754	463,088
2011	128,333	17,717	146,050
2012-2016	291,667	37,357	329,024
Total	\$ 2,310,834	319,993	2,630,827

All governmental activities long-term debt requirements are paid by the general fund.

Debt authorized but unissued – At the 2004 Town meeting, \$50,000 was authorized to be borrowed for failed septic system remediation.

STATUTORY DEBT LIMIT

The laws of the State of Maine limit types of municipal borrowing to specific percentages of the State valuation of the municipality. At December 31, 2006, the Town was in compliance with these restrictions.

OVERLAPPING DEBT

The Town's proportionate share of debt of all local government units which provide services within the Town's boundaries, and which must be borne by properties in the Town is summarized as follows:

<u>Units</u>	<u>Net debt outstanding at December 31, 2006</u>	<u>Percentage applicable to the Town</u>	<u>Town's proportionate share of debt</u>
Cumberland County	\$ 10,230,000	4.354%	445,445
MSAD 75	21,157,590	18.7% / 37.2%	7,872,739

A portion of MSAD 75 debt, which is supported by the State of Maine, is only 18.7% applicable to the Town of Harpswell; the Town share of all other debt of the district is 37.2%. The Town's proportionate share of the County and District debt is paid through annual assessments.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

INTERFUND TRANSFERS

Individual fund transfers for the year ended December 31, 2006 were as follows:

	Transfers <u>in</u>	Transfers <u>out</u>
General fund	\$ 557,255	3,401
Special revenue funds:		
Restricted grants	3,401	-
Recreation	-	7,255
Total special revenue funds	3,401	7,255
Capital projects fund:		
Road projects	-	550,000
Total capital projects fund	-	550,000
Total transfers	\$ 560,656	560,656

These operating transfers were budgeted transfers to fund certain activities.

RESTRICTED GRANTS

The Town classifies grant awards as restricted grants in the Town's special revenue fund. The December 31, 2006 fund balance restricted grants consisted of the following awards, at December 31, 2006:

<u>Grant Award</u>	Balance beginning of <u>year</u>	<u>Revenues</u>	<u>Expenditures</u>	Transfers to General <u>Fund</u>	Balance end of <u>year</u>
Small community block grant	\$ 463	10,851	10,000	464	850
Oil tank repl. – reimbursed admin.	7,431	-	-	-	7,431
Overboard discharge	11,647	52,975	54,408	2,937	7,277
Planning brochures	2,750	-	2,498	-	252
William Wharton Grant	-	10,000	-	-	10,000
Total restricted grants	\$ 22,291	73,826	66,906	3,401	25,810

BUDGETED USE OF SURPLUS

During the year ended December 31, 2006, the Town budgeted to utilize prior year undesignated fund balance as a budgeted use of surplus. The amount consists of the following:

2005 Carry forward balance	\$ 538,714
Current year	204,000
Total	\$ 742,714

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

UNRESERVED FUND BALANCE – DESIGNATED FOR SUBSEQUENT YEARS

At December 31, 2006, portions of the general fund balance were designated for future periods and are reported as a component of unreserved fund balance. They consist of the following:

<u>Fund</u>	<u>Designated balance</u>
Planning office contracted services	\$ 5,000
Harbormaster	1,300
Town landings	3,000
MSAD withdrawal	5,459
Road maintenance	22,371
Forest fire and fire police services	5,710
Dry hydrants	2,982
A. Dennis Moore recycling center/transfer station capital	101,407
Orr's Island/Bailey's Island fire capital	10,827
Cundy's Harbor fire capital	21,053
Harpswell Neck fire capital	25,000
Land acquisition	1,279
Vehicle replacement	29,500
Assessing updates	20,235
HCBC digital conversion	15,000
Cemetery	950
Repeater	5,100
Boat and motor replacement	10,000
Voting machines	6,300
Copier	2,500
Town landing signage	2,758
Self-insurance reserve	3,875
Salary survey	3,500
Geographic information systems	2,976
Marine hazards	18,522
Failed septic system	14,272
Mitchell Field hazards	13,055
Mitchell Field deeds – pipeline transfer	1,500
Mitchell Field legal – pipeline transfer	5,000
Mitchell Field gift and planning process	7,000
Mitchell Field annual maintenance reserve	8,236
<u>Boundary survey</u>	<u>2,662</u>
Plus contingency	68,496
<u>Total designated fund balance – General Fund</u>	<u>\$ 446,825</u>

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

CONTINGENT LIABILITIES

Litigation - The Town is subject to certain legal proceedings which arise in the normal course of business. In the opinion of management, the Town has defensible positions in any/all pending cases. Further, any future liabilities are covered by insurance or will not materially affect the financial position of the Town.

State and Federal Grants - The Town participates in numerous state and federal programs which are governed by various rules and regulations imposed by the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustments by the grantor agencies; therefore, to the extent that the Town has not complied with the rules and regulations governing the grants, refunds of any moneys received may be required. There are no material contingent liabilities relating to compliance with rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

RISK MANAGEMENT

The Town is exposed to various risks of loss torts, theft of, damage to and destruction of assets, errors and omissions, and natural disasters for which the Town either carries commercial insurance or participates in a public entity risk pool. Currently, the Town participates in a public entity risk pool sponsored by the Maine Municipal Association for Workers' Compensation coverage. Based on these coverages, no known liabilities exist at December 31, 2006.

MAINE STATE RETIREMENT SYSTEM (MSRS) - CONSOLIDATED RETIREMENT PENSION PLAN

Description of the Plan - The Town contributes to the Maine State Retirement System Consolidated Plan, a cost sharing multiple-employer retirement system established by the Maine State legislature. The Maine State Retirement System provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The authority to establish and amend benefit provisions rests with the State Legislature. The Maine State Retirement System issues a publicly available financial report that includes financial statements and required supplementary information for the Consolidated Plan. That report may be obtained by writing to Maine State Retirement, 46 State House Station, Augusta, Maine 04333-0046 or by calling 1-800-451-9800.

Funding Policy - Plan members are required to contribute 6.5% of their annual covered salary and the Town is required to contribute an actuarially determined rate. The contribution rates of plan members and the Town of Harpswell are established and may be amended by the Maine State Retirement Board of Trustees. The Town's contributions to the Maine State System Consolidated Plan for the year ended December 31, 2006 and 2005 were \$4,199 and \$3,942, respectively equal to the required contributions.

Effective March 14, 1998, this benefit is no longer available to new Town employees. Those employees already in the plan may continue under the same terms or may terminate and join the deferred compensation plan.

TOWN OF HARPSWELL, MAINE
Notes to Financial Statements, Continued

DEFERRED COMPENSATION PLAN

The Town offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457 through the International City Management Association Retirement Corporation.

The deferred compensation plan is available to all full and regular part time employees of the Town who work 20 hours or more per week on a regularly scheduled basis and who are not already participating in another plan. Under the plan, employees may elect to defer a portion of their salary and avoid paying taxes on the deferred portion until the withdrawal date. The deferred compensation amount is not available for withdrawal by employees until termination, retirement, death or unforeseeable emergency. The Town's computed contribution to this plan for the year ended December 31, 2006 was approximately \$16,900. The total Town contributions included a special one-time payment to compensate employees for untimely submission of contributions during the fiscal year. This was approved by the Board of Selectmen and was paid on December 15, 2006. Assets of the plan are placed in trust for the exclusive benefit of participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.

RETIREMENT PLAN – RECYCLING CENTER EMPLOYEES

The Town offers its recycling center employees a pension plan through the I.A.M. National Pension Fund.

The Town contributes on behalf of eligible employees of the recycling center who have worked during the plan year. There are no voluntary contributions by the employees allowed in this plan. The Town's expense under the plan for the year ended December 31, 2006 was \$13,131. This represented \$12,890 in regular contributions, and \$242 in accounts payable relating to a retroactive adjustment.

The funds contributed by the Town to the plan are held in trust by the I.A.M. National Pension Fund for the exclusive use of benefit participants and their beneficiaries. Accordingly, the assets and the liability for the compensation deferred by plan participants, including earnings on plan assets, are not included in the Town's financial statements.